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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

November 1950

P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Programs

ELECTRIFICATION

SUIT WOULD BAR U. S. POWER
PLANTS FOR SOUTHWEST

St. Louis Post-Dispatch
October 4, 1950

Ten privately-owned electric utilities filed suit to block reported plans of the Southwest Power Administration and the REA to build a government-financed system of generating plants and transmission lines in Missouri and the Southwest. This suit, filed on October 3 in the U. S. District Court, Washington, D. C. challenges top government officials' authority to carry out the proposed plan. Defendants named in the suit are: Secretary of the Interior Oscar L. Chapman, Secretary of Agriculture Charles F. Brannan, Secretary of the Treasury John W. Snyder, REA Administrator Claude R. Wickard and SPA Administrator Douglas G. Wright.

The suit charges misuse of REA funds for building "super-cooperatives" in order to expand SPA's power system without congressional authority. In addition the complaint points out that Congress refused SPA the right to build steam generating plants and transmission lines, and contends, therefore, that "****it was the clear intent of Congress that SPA negotiate with utilities for the use of their facilities." The court was asked to grant a temporary injunction, pending a hearing on the major issues, after which the plaintiff asked a permanent injunction.

POWER GRAB IN THE COURTS

Editorial in

St. Louis Post-Dispatch
October 8, 1950

Private utilities have switched their delaying action against federal programs for rural electrification in Missouri from Congress to the courts. The suit filed in Washington by ten companies enjoins the use of federal funds to build electric lines and two steam generating plants in this state. The co-ops want low-cost electricity from the Southwestern Power Administration. Although the REA Act permits loans for power generation and the agency has made loans for steam plants - after three congressional committees had studied the projects involved - the utilities still charge that Congress did not authorize such loans. The private

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companies oppose the tie-in between SPA and the cooperatives. They want low-cost public power themselves but want to prevent farmer-owned co-ops from having it. That is the essence of their power grab in Congress, the courts or anywhere else.

**U.S. OFFICIAL BACKS CO-OP'S
LOAN REQUEST** Richmond Times Dispatch

September 28, 1950

Utility companies tend to underestimate future electricity demands, - so says Ben W. Creim, Southeastern Power Administrator, testifying on behalf of the Old Dominion Electric Cooperative for authority to borrow \$14,320,000 from the REA. The official added that the application was in the public interest because:

It would give thousands of Virginia farmers an adequate power supply under their own control; would provide 30,000 kw of greatly needed power in that state, and finally, would be the means of bringing Buggs Island power through the co-ops to Virginia rural areas. D. C. Barnes, Chairman of the Board of the Virginia Electric Power Company, fighting the Old Dominion program, characterized the plan as "****an initial step in socializing the electricity industry in this area." Old Dominion attempted to show from the testimony of managers of its member-cooperatives that Vepco was rendering slipshod service. For instance, repair of outages is very slow; kilowatt hour rates are unreasonably high; co-ops have to transmit Vepco power through their own transmission lines.

**MORE BASIN POWER TERMED 'MUST'
AS INTER-AGENCY MEETING OPENS**

Daily News

Minot, N. Dakota, October 5, 1950

While 86 percent of the nation's farms were electrified by June 30 of this year, the Inter-Agency meeting here today was told that only 71 percent of the farms in the seven states, making up the greater part of the Missouri Basin, have central station service. Mr. J. B. McCurley, Chief of the Power Division of REA, pointed out that continued rural electrification in the midwest depends on additional power projects in river utilization. As an example, McCurley cited the joint effort of the Bureau of Reclamation, the Montana-Dakota Utilities and the Dakota Electric Cooperative of Bismarck to bring better and cheaper electricity to about 11,500 farmers in the Dakotas. It is probable, he added, that 25,000 other consumers will be added within the next few years.

LIGHTS FOR RURAL ROADS

Capper's Farmer

August 1950

Alexander County, Illinois residents have had a taste of lighted rural highways. A contractor wanted to finish a particular roadway out in that vicinity as fast as possible. So that men could work night and day, the Southern Illinois Electric Co-op placed 73 light poles along the new route, each containing a 1500-watt bulb. This enabled the road work to continue long after dark.

INCREASED USE OF ELECTRICITY

Column - Around the Farm
Wallaces' Farmer and Iowa Homestead
July 15, 1950

The use of electricity in Iowa has increased 500 percent since 1933. In this state during the past few years, the use of electricity has increased on the average from ten to twenty percent each year. This all adds up to better living for Iowa farm families where electrical conveniences have become the accepted thing.

CO-OPS AND MUNICIPALITIES TEAM UP TO FIGHT LEGISLATION

Public Utilities Fortnightly
August 3, 1950

Florida's Rural Electrification Cooperative Association and the Florida Municipalities Association are teaming up to defeat proposed legislation to place them under the State Railroad and Public Utilities Commission. Legislative strategists for these two groups feel such a move would be not merely "regulatory", but a protective measure for the power companies. Efforts toward this end have failed continually since 1939.

ELECTRICITY HEED ADEQUATE FOR WAR

Story by John P. Callahan in
New York Times, August 6, 1950

The nation's power and light industry offered assurance last week that there would be more than enough electricity to meet the demand with industrial America preparing to shift to a war-time schedule. Ironically, the last war was the impetus to the power and light companies' expansion. They increased their kilowatt capacity more than 40 percent from 1944 to 1950. Nearly every section of the country shows additional generating capacity. The greatest addition is in western Pennsylvania, Ohio, Michigan, Illinois and part of Minnesota. By 1953 this region will have added 4½ million kilowatts. On the basis of current demand, the light and power industry has a margin of more than 15 percent reserve capacity.

ELECTRIC UTILITIES FACE TIGHT SITUATION TO MEET DECEMBER PEAK LOAD

New York Journal of Commerce
October 17, 1950

Private utility officials are concerned as to their ability to meet the peak of power demand in December. Prior to the South Korean invasion, the electric utility felt it had a comfortable reserve capacity. However, industrial output has greatly altered this reserve. There are numerous ways of meeting this peak load. Large industrial users could cut their needs for short periods; also weather conditions could be a determinant. Construction programs call for additional reserves in future years.

REA CO-OP PICNIC IN ARKANSAS
PARK ATTRACTS 15,000

St. Louis Post-Dispatch
August 8, 1950

Walcott, Ark.--More than 15,000 people attended the 13th annual meeting of the Craighead Electric Cooperative Corporation, Arkansas' biggest electric cooperative, on August 4. The program was held in a big tent but due to the large crowd, there were more outside than in. The annual report revealed that Craighead is \$395,518 ahead on repayment of its REA loans, that the co-op is still expanding; it now has 3,591 miles of line and hopes to increase this to 4,000 in a few months. It was pointed out that when the co-op was new, the prime use of electricity was for lights and billings naturally were lower. Now the electric billings are larger to individual consumers but the farm income of those consumers is also much higher. They have learned to make electricity work for them.

TELEPHONES

REA PHONE LOAN PROGRAM LAGS

Story by Wilbur Elston
Register & Tribune
Des Moines, August 16, 1950

Washington, D. C.--Lack of technical "know-how" together with lack of trained personnel to investigate loan applications is slowing up the rural telephone expansion program, Washington REA officials said. They added that their field men have been working mostly in the south and east which accounts for the small number of loans that have been approved in the upper midwest. Under the rural telephone law, existing companies have preference over co-ops for the first year, with the result that only 3 of the first 22 loans made have gone to co-ops. Of the 500 applications for rural telephone loans, 15 are from Iowa to improve service and to provide service to 829 new subscribers. According to the latest figures, over 80 percent of Iowa farmers have telephones.

REA STEPS UP PACE ON
TELEPHONE LOAN ACTIONS

Telephone Engineer
September 1950

REA is getting up steam on its farm telephone loan program. Despite the fact that the REA telephone staff is not up to the agency's original hopes, loan actions are coming at a faster rate. The shakedown part of the program is about over and the agency is moving toward long-range policy determinations. A recent conference was held in Washington between the REA Technical Standards Division and representatives of the six equipment producers on dial office equipment specifications. Out of this meeting emerged standard specifications after differences were ironed out. These new specifications are now being processed and will soon be distributed.

PHONE COMPANY WINS REA
CITATION FOR ITS SERVICE

The Free Lance Star
Fredericksburg, Virginia
September 21, 1950

REA Telephone Day at the Fredericksburg fairgrounds yesterday marked the inauguration of dial service over the first REA-financed telephone system. The first call over the new line was made by President Truman to Mr. and Mrs. Eugene Dickinson, a Spotsylvania County farm couple, which was broadcast to the fairgrounds over loud speakers. REA Administrator Wickard declared that a farm telephone is "far more than a convenience. It is an absolute necessity." He said that congressional approval of the REA telephone program followed recognition that the lack of low-cost financing had handicapped expansion of rural phone service.

GENERAL

TAX ISSUE DROPPED
FOR COOPERATIVES

New York Times
August 16, 1950

The Senate Finance Committee announced that any action relative to taxes on co-ops, mutual savings banks and building and loan associations would be postponed until next year. Notice was served, however, that if it was decided to impose such taxes some time in 1951, they would apply to the entire year. In the meantime, the committee staff experts will arrange hearings and study the effect of income taxes on these non-profit groups.

